INDIANA CAREER COUNCIL

System Alignment Taskforce Recommendations

Following the completion of its strategic plan, the Indiana Career Council established the System Alignment Taskforce to follow through on a number of objectives and strategies outlined in the plan. Specifically, the Career Council charged the Taskforce with the following three responsibilities:

- Conduct analysis and provide recommendations to the Career Council on streamlining the state's workforce development agencies, governance structure, and regional makeup to provide greater efficiency, accountability, and improved services to clients (both workers and businesses). The deadline for this task was October 2014;
- Oversee the development of interagency policies as called for in Strategy 1.3 of the strategic plan. The deadline for this task is January 2015 with implementation by July 2015; and
- Monitor the development and enhancement of the Indiana Network of Knowledge. This task is on-going.

The Taskforce started meeting in July, and began by focusing on the first task, since it had the earliest deadline for reporting back to the Career Council with recommendations. As it conducted its initial analysis, the taskforce recognized challenges associated with reviewing and developing strategies for integrating and aligning organizations and programs that are part of the workforce development system but do not fall under the purview of the Executive Branch of Indiana's state government. Therefore, the Taskforce limited its initial analysis and recommendations to programs that are established under the Governor's authority. However, the Taskforce does intend to take up the question of how to coordinate/integrate the work of other organizations that are key to the delivery of workforce training and education services in the next stage of its work, as noted below.

This document outlines the rationale for changing the current workforce development structure, and provides an initial set of general and specific recommendations. The document concludes with next steps for the taskforce, including issues that require additional analysis.

Rationale for Change

The Indiana Career Council Strategic Plan highlights the need for Indiana to develop a pipeline of skilled workers to meet the demands of the state's current and future employers, and calls for 60% of Hoosier workers to earn some form of a post-secondary credential by 2025 to be qualified for employment in high wage/high demand jobs. In order for the State's workforce development system to meet this need, it must fundamentally change the way in which it connects with, and provides services to, workers and businesses.

Currently, Indiana's workforce development system, which is comprised of numerous partners, including DWD, FSSA, local Workforce Investment Boards (WIBs), and Indiana's two-year colleges, largely operates in programmatic siloes. This often leaves Indiana's businesses, and its adult workers in need of skill upgrades or job assistance, to navigate a complex system of multiple bureaucracies in order to receive services. In many cases unemployed workers seeking employment and training services through various programs such as WIA, Wagner-Peyser, SNAP, and TANF must visit three to four separate physical offices, register in four to five separate electronic data systems, and see numerous staff persons before they actually receive the services that can increase their skills, help them find a job, or receive the income support necessary during their period of unemployment.

In the existing system, Indiana's businesses are often contacted by as many as six to seven different system staff persons offering to provide programmatic services to help them find and/or train qualified workers. Employers are also asked to participate in numerous, largely uncoordinated planning efforts through local WIBs, Regional Works Councils, Ivy Tech program advisory committees, and other employer forums. As a result, they often feel frustrated at having to provide the same information to numerous system stakeholders and become disinclined to continue participation in the workforce development system.

The design of the current system leads to many unintended consequences. Beyond the challenges that having a largely siloed system creates for unemployed workers and businesses, maintaining such a system with limited coordination and alignment prevents the state from taking advantage of economies of scale that program integration could create. This often leaves system partners utilizing too large a portion of available funding for redundant overhead/administrative expenditures and fewer funds to provide direct value-added services to adult workers and businesses. A further challenge is that system participants often define and measure the services they provide and the results they achieve differently, making it hard to compare investment levels and performance results across the state.

In order to spur the fundamental changes necessary to achieve the State's goals for its workforce development system, the Indiana Career Council System Alignment Taskforce believes that improvements must be made in two areas:

- Integration/consolidation of the state agency programs that serve adult workers and businesses; and

- Realignment of service delivery regions.

General Recommendations

- The State's workforce development system must fundamentally change the way in which it responds to the needs of workers and employers. A single, dynamic service delivery model must be created from among the myriad of programs and partners that comprise the system. This system must be designed to respond to the demands of Indiana's employers and provide customer-centric services to Indiana's workers.
  - Training services must be designed in close consultation with employers and with the goal of providing workers and students with the skills needed to compete for high wage/high demand jobs.

- Federal and state funding for workforce development programs must be integrated to the maximum extent possible, leveraging flexibilities within those funding streams and breaking siloes to ensure that Hoosiers have the ability to increase their education and skills in order to obtain and retain meaningful employment, especially in high wage/high demand jobs.
    - Integration of programs must be carried out in a manner that is consistent with laws and regulations that govern the usage of federal funding. At the same time, creative ways to minimize the restrictions these laws and rules impose should be explored and pursued.

    - Workforce programs and partners should be organized into Core One Stop System Programs[1] and Key Non-Core Partners[2].

        - Core One Stop Shop programs are those managed by agencies of the Executive Branch of State government and which can be most easily combined to create a pool of funds that can be directed to the provision of training and education services through the State's Workforce Investment Boards. These programs should be part of the proposed "one stop shop" model for customers that supports easy, simple, and flexible access to workforce development services. (See below)

        - Key Non-Core Partners are organizations not directly under the purview of the Executive Branch but which are critical to meeting the goals of the Career

---

[1] Core One Stop System Programs should include:
- WIA
- Wagner-Peyser
- VETS
- TAA
- Adult Education
- Carl Perkins Post-Secondary CTE Programs
- TANF Employment and Training
- SNAP Employment and Training
- Senior Community Service Employment Program
- Vocational Rehabilitation

[2] Key (Non-Core Partners) should include:
- Carl Perkins Secondary (CTE) Programs
- CHE (Student Financial Assistance)
- IEDC (Training Programs/Skills Enhancement Fund)
- Ivy Tech
- Vincennes University
- Regional Public Four-year Universities

Council Strategic Plan and the successful delivery of effective workforce training and education programs and services.

- o All Core Programs should have a single integrated process for client service delivery, including sharing costs and pooling funds (where possible within federal law and regulations), staffing, and data systems (service and outcome tracking) for the following components of service delivery:
    - Intake
    - Assessment
    - Service Plan Development
    - Counseling
    - Education/Training
    - Supportive Services
    - Job Readiness Preparation
    - Job Placement
    - Follow-Up

- o Key Non-Core Partners should be aligned with the state's workforce development goals and priorities, and their efforts coordinated to the greatest extent possible, in order to align programs and resources and ensuring comprehensive career pathways to high wage/high demand jobs.
    - There must be greater engagement with, and consensus building among, these partners to facilitate this alignment. (Specific strategies for achieving this engagement and alignment will be developed by the Taskforce in the next stage of its work.)

- All partners (Core and Non-Core) should focus on leveraging digital technologies, data and analytics, and other tools, to expand and enhance integrated, value-added services to workers and businesses. To the extent possible, services and even training should be delivered virtually in order to enhance access and convenience for customers.

- All partners (Core and Non-Core) should measure outcomes using three primary metrics:
    - o Percentage of those served who gain employment
    - o Six and Twelve Month Employment Retention Percentages
    - o Increased Earnings Post-program

- Core Partners should also establish goals and measure for the following performance indicators:
    - o Number, and percentage, of clients placed into education/training
    - o Number, and percentage of clients placed into education/training that earn a degree or high quality credential

- Common definitions and methodologies should be used across the system's programs and partners in order to ensure that results can be measured and performance evaluated using the same standards.

- Funding for program services should be tied directly to system outcomes.

- All system partners must increase focus on employer needs, with a much more coordinated/integrated approach to business services.
  - The approach should focus on providing the fewest points of contact between the workforce development system and employers. (Note: specific strategies for achieving greater coordination in engaging with employers to determine their workforce skill needs and requirements will be developed in the next stage of the Taskforce's work.)

- Administrative and overhead expenditures for all programs must be reduced.
  - Expenditures should be focused on direct client services, with specific targets set for the percentage of funds being utilized for education/training.
  - All partners must increase focus on alternative service delivery methods
    - Enhanced, integrated electronic/virtual service delivery
    - Decreased physical footprint of offices through consolidation of offices and/or co-location

Specific Recommendations:

Program Consolidation

Certain programs and funding streams residing in DWD and FSSA should be combined into a single program within state government charged with ensuring that all Hoosier adults who need access to the information, education, and skills required for career success receive services that meet their unique needs. Further, the integration of these programs/funding streams will ensure focus towards the shared goal of helping Hoosiers achieve self-sufficiency and rewarding employment, while meeting the demands of Indiana's employer community for skilled and well-trained employees.

- The following programs should be considered for consolidation into a single division of the Department of Workforce Development:
  - WIA
  - Wagner-Peyser
  - VETS
  - TAA
  - Adult Education, including Work Indiana
  - Carl Perkins Post-Secondary CTE Programs
  - Senior Community Service Employment Program (from FSSA)
  - Employment and Training elements of Temporary Assistance for Needy Families program (from FSSA)
  - Employment and Training elements of the Supplemental Nutrition Assistance Program (from FSSA)

This recommendation is not about moving one or multiple bureaucracies into another bureaucracy, but rather focuses on fully integrating funding streams into a single program that will help ensure that

Indiana's talent pipeline is prepared for the needs of Indiana's business community. TANF and SNAP programs (and the associated bureaucracy) should not be wholly moved to DWD; instead, the funding for the employment and training functions of these programs should be transferred. These are just a few of the options that should be considered to meet the objective of creating a comprehensive, integrated, dynamic program within DWD that is, as called for in the Career Council Strategic Plan, demand-driven and worker-and-student-centric.

This recommendation will require significant commitment from DWD and FSSA, who should be charged with developing an action plan for the consolidation of the designated funding streams. DWD and FSSA should collaborate to identify the most appropriate process to deliberately and incrementally consolidate the funding streams

The recommendation will require that the Indiana General Assembly alter existing code which assigns specific programs/funding streams to the associated agencies. The code should be altered to provide DWD and FSSA the greatest level of flexibility in the method used to consolidate the funding streams.

Geographic Regions:

There are currently too many (twelve) federally-defined local workforce areas within the state. Though local WIBs have met federally-established performance targets recently, data indicates that under 15 percent of WorkOne customers are included in WIA outcome measurements, which likely skews the reported performance of the local WIBs. Further, while expenditure data varies between regions, with most WIBs defining the amount of funding spent on training and other direct client services differently, available data shows that, on average, relatively small amounts of funds are being expended on direct client services, with the vast majority of funds being spent on administrative/overhead and personnel costs.

- The Workforce Innovation and Opportunity Act (WIOA) prevents the State from establishing newly-drawn *local* workforce areas for local WIBs.
    - All local WIBs in Indiana will qualify for automatic designation under WIOA
    - Initial designation will last for two years beginning July 1, 2015

- State should focus on defining new economic *regions* for the State:

    - Economic regions should be based upon economic, labor market, and education data

    - Criteria used to define economic regions should match the criteria established within WIOA to define local workforce areas

    - The result should be significantly fewer regions than the current twelve federally-defined local workforce areas

This recommendation should be considered by the Department of Workforce Development, which should solicit input from local elected officials, members of local workforce investment boards, and other interested parties when establishing the regions for purposes of WIOA. The recommendation will not require any actions by the Indiana General Assembly.

Next Steps:

In the next phase of the Taskforce's work, it will focus on further analyzing a number of items identified as needing additional consideration. Those items include:

- The roles of the multiple governance/coordinating bodies for education, training, and employment services within the system:

  o Are there meaningful, distinct roles and responsibilities for all of the governance/coordinating bodies, such as the State Workforce Innovation Council, the Education Roundtable, and the Career Council at the State-level, and the regional Works Councils and local workforce investment boards at the local/regional level?

  o How do we ensure that all of these bodies are business-led and attract a diverse pool of business representatives?

- The role of Key Non-Core partners within the system:

  o How does the system engage and develop consensus with those key partners that are not under the purview of the Executive Branch of state government?

  o How can those programs and funding streams be aligned to the maximum extent possible in order to create a dynamic, streamlined workforce development system?

- The process of streamlining and coordinating the relationship between system partners and the employer community:

  o How can system partners develop a comprehensive approach to providing business services?

  o How can this approach limit employer confusion as to how they request and receive necessary services?

- The developments of the Indiana Network of Knowledge